

FISCAL NOTE

SB 636 - HB 1215

March 13, 2001

SUMMARY OF BILL: Removes the provision in the existing workers' compensation law which mandates that the lump sum must equal the value of all future installments. Requires that the lump sum settlement would be discounted to the present value of the future installment payments at a 10% rate compounded annually.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - Exceeds \$100,000/Claims Award Fund

Decrease Local Govt. Expenditures - Exceeds \$100,000

The Department of Treasury states that during fiscal year 2000, the state paid \$3.6 million in lump sum settlements for 237 claims from the Claims Award Fund. The average duration of these payments was approximately 51 weeks. By discounting these payments at the proposed 10% discount rate, the estimated reduction in expenditures would be \$186,500.

Estimate assumes a similar saving to local governments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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